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FUTURE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

INITIATIVES FOR CHANGE

Report of the Administrator

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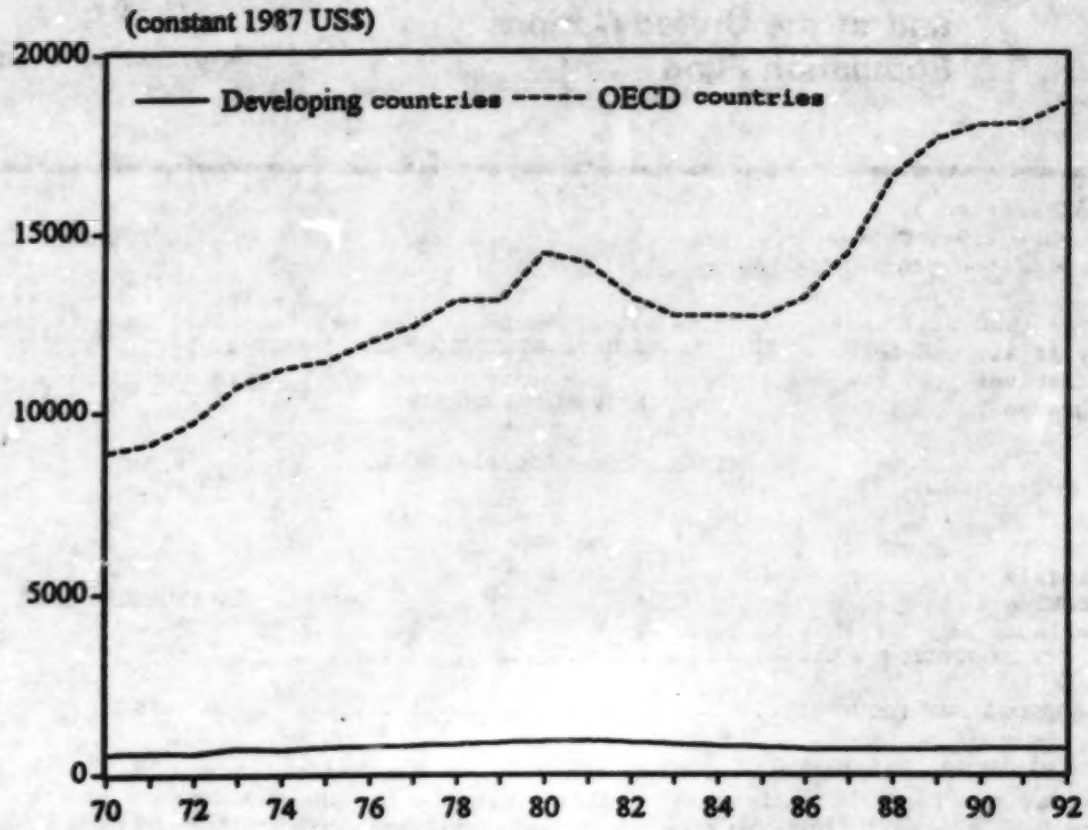
TRENDS IN GROSS NATIONAL PRODUCT PER CAPITA, 1970-1992



Source: World Resources: A Guide to the Global Environment 1994-95, New York, Oxford University Press, based on data from:

1. The World Bank, The World Tables, 1993, on diskette (The World Bank, Washington, D.C., 1993).

2. United Nations Population Division, Interpolated National Populations, 1950-2025, 1992 Revision, on diskette (United Nations, New York, 1993).

I. INTRODUCTION

1. In February 1994, at the first meeting of the Executive Board, I presented to you "Building a New UNDP: Agenda for Change". The presentation consisted essentially of four parts. It sought to analyse the reasons why there is a need for change. It described six signposts for change. It identified UNDP's mission and operational goals. Finally, it sought to characterize the new UNDP.

2. The "Agenda for Change" that I presented to you less than 4 months ago was based on the extensive consultations and advice that I have received over the last nine months. These consultations have been with Governments, United Nations agencies, non-governmental organizations, staff, and external advisors; they have been multiple, varied and constant. I welcome them - I consider the process of consultation not just helpful but essential. The initiatives for change that will emerge from the Executive Board's discussions will be effective only if all countries assume national ownership of the principles of these initiatives. At the end of these discussions, we must all unite behind a programme for change. This must be the Board's programme for change as well as that of UNDP's senior managers and staff.

3. Since my presentation to you in February, I have held a major consultation with all UNDP Resident Representatives. The "Rye Report" has been made available to you. I am taking the recommendations that came out of Rye very seriously - they represent the collective thoughts of development practitioners operating in our programme countries with an impressive array of practical experience and talent. You will find in the present report many elements that were stressed at Rye. For a commitment to change to be translated into practice, into everyday reality, this consultation is not only proper, it is essential.

4. It is not my purpose to repeat now the presentation that was made at the February session. It will again be made available for the discussions of the Executive Board. My purpose today is to move forward from the Agenda to a concrete programme of action. Specifically, I am proposing for your review an initial set of initiatives for change.

These initiatives cover the following areas:

Programme focus and operational shift;

Financial parameters;

Substantive partnerships;

Response to General Assembly resolution 47/199 and strengthening of the Resident Coordinator system;

The instruments of technical cooperation;

Management;

Institutional adjustments; and

Governance of UNDP.

5. My presentation in February started with five reasons why there was a need for change. It is essential in giving consideration to the initiatives that follow to analyse and understand these forces for change. In each and every case, I submit that we are responding to challenges and realities that you have already identified. In almost every case, the Governing Council has already taken steps to initiate the changes envisaged. It is thus in a very real sense that my proposals are an elaboration of your own initiatives.

6. Before proceeding, it is worth pausing to consider the context in which they are being offered:

First, the overall enterprise we call international cooperation for development needs to be rethought and reformed;

Second, within this framework, the mission of the United Nations in development cooperation needs to be more clearly defined and adequately supported, particularly with regard to the complementary roles of the United Nations, the Bretton Woods institutions and regional development banks, and the bilateral assistance agencies;

Third, the United Nations needs to revamp and reform itself in order to fulfil its development mission and realize its full potential as an operational force for global human security and sustainable human development; and

Fourth, UNDP needs to be reformed and strengthened and, to some degree, redefined if it is going to play its logical role in helping the United Nations realize this potential.

7. As this description illustrates, UNDP's future and efforts to change UNDP are and must be intimately linked to broader issues that are still in the process of being resolved. My own views on these matters can be summarized as follows:

(a) International development cooperation, reformed and revitalized, is needed now more than ever, and the same applies to official development assistance (ODA) itself;

(b) The United Nations must play a major policy leadership and operational role in international development cooperation; and

(c) UNDP must be at the centre of a more integrated, better-organized United Nations effort to achieve global human security through sustainable human development.

8. The initiatives described here should be seen as a first instalment of actions within this overall framework.

II. PROGRAMME FOCUS

9. The Governing Council has legislated that UNDP should focus its programme. In its decision 90/34, the Governing Council established the six priority themes. Subsequently, in decision 92/28, the Governing Council requested UNDP to continue to increase the focus of country programmes. What follows is responsive to these initiatives.

10. At the July 1992 high-level meeting of the Economic and Social Council, Mr. Michel Camdessus, the Managing Director of the International Monetary Fund, referred to an "emerging vision of development as human-centred, equitable and socially and environmentally sustainable". The global community, through innumerable conferences and resolutions, has adopted and promoted these concepts of sustainable development and human development. UNDP has been given a mandate by the Governing Council to pursue both. Governing Council decision 90/34 stated that UNDP "should promote human development". The United Nations Conference on Environment and Development's mandate to UNDP for capacity-building for sustainable development has been reconfirmed in General Assembly resolution 47/194 and Governing Council decision 93/2. Both the key components of "sustainable human development" have therefore already been adopted by you.

11. Development, of course, must be one integrated process, a process that brings together the understandings and aspirations reflected in the terms "human development" and "sustainable development". This fusion, which must occur both conceptually and operationally, must have a name, and even before my arrival, UNDP was calling it "sustainable human development", a natural joining of the two words.

12. In February, I described sustainable human development (SHD) as follows:

> "Sustainable human development is development that not only generates economic growth but distributes its benefits equitably; that regenerates the environment rather than destroying it; that empowers people rather than marginalising them. It gives priority to the poor, enlarging their choices and opportunities, and provides for their participation in decisions affecting them. It is development that is pro-poor, pro-nature, pro-jobs, pro-democracy, pro-women and pro-children."

13. I was pleased to see that UNICEF Executive Director James Grant endorsed this concept in his recent presentation to the UNICEF Executive Board.

14. In his presentation at our Rye Meeting of Resident Representatives, the Secretary-General stated that "the way forward to sustainable human development lies in the comprehensive mandate of the United Nations Charter - a mandate for peace, security, development, democracy and human rights".

15. At the Rye meeting, the Resident Representatives agreed that:

> "Sustainable human development is a global goal applicable to all countries, North and South. It is a concept embodied in the Charter of the United Nations, and since augmented by numerous international agreements

reached under United Nations auspices, including recently those adopted at the 1992 Earth summit."

16. Sustainable human development is people-centred. It is a process of growth that creates opportunities for people to exercise their choices and realise their full economic potential. It promotes equitable development, social integration and sound governance. It protects and regenerates the environment and safeguards options for future generations.

17. SHD has a variety of dimensions that illustrate its central role in the promotion of both peace and global human security. Such dimensions include:

A commitment to poverty elimination and to building human security as the foundation of national security;

The promotion of productive employment and sustainable livelihoods;

The advancement of women as full partners in all aspects of human life - political, economic, and social;

The protection and empowerment of the most vulnerable groups in society;

The protection and regeneration of the environment and enhancement of the long-term productivity of resources;

The promotion of sustainable economic growth and the equitable distribution of its benefits;

A sensitivity to cultural diversity and the flexibility to adapt to local conditions; and

Transfer of environmentally sound, cutting-edge technology.

Thus, it appears that the prospects are good for sustainable human development to provide the badly needed overarching framework that can help unify the United Nations development work.

18. Sustainable human development is not a straitjacket; it does not mean conditionality. It stresses the self-reliance and self-determination of Governments and people. When we speak of a "new development paradigm" like sustainable human development, it can sound top-down. Sustainable human development is anything but top-down. Indeed, it is just the reverse. As I stated "It is the world screaming back at us. It is screaming back in hunger, in pain, across the wastelands and dead waters. Only the purposefully deaf have not heard it." It is time we responded.

19. For all these reasons, UNDP must put its full weight behind sustainable human development. Our core mission for the future should be expressed very simply and very forcefully: to assist programme countries in their endeavour to achieve sustainable human development.

20. To those who say "sustainable human development is everything", we must reply, "on the contrary, it is a type of development of which the world has seen precious little". But to those who say that sustainable human development is still too broad to give UNDP sufficient focus in the use of our core and non-core resources, let us say, "Indeed, you're right!" The Governing Council has recognized the need for further focus, for example, in specifying the six themes for UNDP work. UNDP must focus on doing certain things within the sustainable human development framework and must do them well. This focusing must occur at several levels, like the extensions of a telescope.

21. The first extension of the telescope is sustainable human development itself. The second extension is to define UNDP goals within that framework. UNDP's three principal goals can be described as:

(a) To strengthen international cooperation for sustainable human development and to serve as a major substantive resource on how to achieve it;

(b) To help the United Nations family become a unified and powerful force for sustainable human development; and

(c) Most importantly in terms of resources, to focus UNDP's own resources on making the maximum contribution in the countries we serve to certain key dimensions of sustainable human development.

22. Each of these three goals is discussed at some length in my 17 February presentation to the Executive Board and in the presentation I made at Rye on 21 March, which is reprinted in the Rye meeting report. The achievement of the first goal is linked to the strengthening of the Human Development Report Office and the Bureau for Programme, Policy and Evaluation (BPPE), which are discussed below (chap. viii). The achievement of the second goal is linked to strengthening the Resident Coordinator function, which is also discussed below (chap. v). Because the third goal is central to UNDP's efforts to meet the Governing Council's directive for greater programme focus, it is discussed here.

23. UNDP must be unambiguously results-oriented: we must use our assets and strengths to make the maximum contribution to sustainable human development in the countries that we serve. Our programme countries face a multitude of challenges. With each and every programme country, we must enter into a dialogue:

(a) To identify the country's priority needs in realizing sustainable human development;

(b) To identify the most effective, high-leverage actions UNDP can take to help the country to meet those needs, recognizing our strengths and limitations; and

(c) To identify other partners and other resources to help the programme country pursue its development objectives in those areas where UNDP cannot.

24. The Governing Council has recognized that UNDP should not do everything and should not try to do everything. It has directed UNDP to focus on building and strengthening national capacity in six areas. Some are ends: eliminating poverty, regenerating the environment, advancing women. Some are means to these ends: capacity-building, development management, grass-roots development, promoting access to technology and finance, and technical cooperation among developing countries. These Council decisions are extraordinarily important; UNDP must take them very seriously.

25. Taken together, the mandates UNDP has received from the Governing Council and from the General Assembly are telling us that within the sustainable human development framework UNDP should concentrate on promoting development that gives priority to the poor, to the creation of jobs (for without jobs there will be no sustainable elimination of poverty), to the advancement of women, and to the protection and regeneration of the environment. These are neglected areas around the world yet they are also the most essential. They are all areas where we can work synergistically with our United Nations partners. It is in these areas that UNDP can contribute most to helping countries achieve sustainable human development if we focus on them. This is the third extension of the telescope.

26. We know from experience that these four focus objectives - poverty elimination, environmental regeneration, job creation, and the advancement of women - are, in differing degrees, among the priority goals of every one of our programme countries. They are also objectives that have been elaborated, refined and adopted in repeated international agreements, many sponsored under United Nations auspices, and some, like Agenda 21, ascribed to by virtually every country.

27. Each of these tasks is complex. Poverty elimination, for example, implies: (a) access to social services, e.g., education and health; (b) access to resources, e.g., sustainable livelihoods, jobs, credit, land, and (c) access to decision-making, e.g., participation and empowerment. And eliminating poverty also requires major strides in the protection of the resource base on which communities depend, on the advancement of women, and on economic policies that create needed jobs. So the four thematic areas must be intimately linked in practice.

28. Capacity-building for sound governance underpins all these objectives. It is an area where UNDP, with its comparative advantages of national ownership, impartiality and wide access to experience can render a unique service.

29. The effectiveness of government and its relationship to civil society are key determinants in whether a nation is able to create and sustain equitable opportunities for all of its people. If a Government does not function efficiently and effectively, scarce resources will be wasted. If it does not have legitimacy in the eyes of the people, it will not be able to achieve its goals or theirs. If it is unable to build national consensus around these objectives, no external assistance can help bring them about. If it is unable to foster a strong social fabric, the society risks disintegration and chaos.

30. Equally important, if people are not empowered to take responsibility for their own development within an enabling framework provided by government, development will not be sustainable. Government cannot achieve it for them.

31. This discussion underscores that what can distinguish UNDP (as well as other development organizations) are the special strengths brought to challenges like poverty and joblessness since concern with these problems is widespread. The means are as important as the ends. UNDP must become very good at certain types of interventions - ones that draw on our assets and our strengths, that are within our mandates, and that can have major, high-payoff impacts on promoting the goals we are assisting programme countries in achieving.

32. Fortunately, the various decisions of United Nations bodies have given us guidance on the choice of means as well as on choice of ends. And we have our own practical experience in what works and what does not work to guide us. What follows is a list of these means - 10 patterns of UNDP action - that grow out of our mandate and out of our real experience:

First, to help build capacity in government for:

(a) Management development, policy implementation, and public sector reform;

(b) Aid coordination and effectiveness;

(c) Economic management and market reforms, including the creation of an enabling environment for the private sector, particularly in the countries in transition;

(d) Protection of human rights, elections, and other democratic processes, including independent judiciaries; and

(e) Dialogue and cooperation with institutions of civil society.

Second, to support the efforts of programme countries to develop operational frameworks for SHD. These frameworks can help countries define development goals, link global themes and resources to national priorities, and identify external financing and technology needs;

Third, to support Governments in identifying, designing and implementing long-term development programmes, including strategies and action plans, which in a relevant and sustainable way respond to national development objectives;

Fourth, to mobilize, package, and promote access to needed additional financial resources. If requested, UNDP will provide support to the implementation of priority sustainable human development programmes, working closely with the World Bank, regional development banks and bilateral institutions. Policies to promote the mobilization of domestic resources for investment in sustainable human development will be a particularly important focus in order to ensure sustainability;

Fifth, to promote technology transfer and adaptation and access to the most effective technology. The developing world needs to jump over the technological mistakes of the industrial world, not repeat them. I want UNDP to think hard about ways in which we can serve that end and involve the private sector in doing so;

Sixth, to support technical cooperation among developing countries (TCDC). Somewhere in the developing world, and often in many places, the right answers are being found today. We need to help those answers spread South-South;

Seventh, to promote capacity-building in civil society, grass-roots development, participatory approaches and the empowerment of people, and to work in close partnership with non-governmental organizations (NGOs), community-based organizations (CBOs), and other groups of civil society;

Eighth, to support a certain number of high-leverage, downstream projects where they are needed to validate policy ideas, to demonstrate grass-roots success or to successfully launch major programmatic initiatives; the United Nations Capital Development Fund (UNCDF), the United Nations Volunteers (UNV) and the United Nations Development Fund for Women (UNIFEM), and others have important roles to play here. But we must do this in the context of an overall shift to upstream work with government and civil society, and we must avoid a multiplicity of unconnected small projects;

Ninth, to help forge North-South partnerships and reach needed international agreements (working with the Commission on Sustainable Development and with upcoming United Nations conferences in Cairo, Copenhagen, Beijing and Istanbul). We must promote shared international goals with reciprocal responsibilities, North and South, as only a United Nations organization can do. Increasingly, I believe, we must use the technique of quantitative targets agreed to at the national, regional, or international level. These targets can help mobilize resources and, in some cases, establish bases for our own accountability;

Tenth, to provide support for national and regional processes of national integration, reconciliation, and peacebuilding through the reintegration of demobilized troops, returning refugees, and displaced peoples.

33. Finally, there is another well-established pattern that will help us to be more effective and more focused. Over time, UNDP will be called upon to mount a changing array of special initiatives for which we can develop greater expertise and mobilize major additional resources, mostly non-core. These special initiatives can grow out of having the same request coming to us from many programme countries, or they can grow out of the need to support countries in their efforts to realize internationally agreed goals, or they can grow from assignments that you, our Executive Board gives us. These special resources would be available to countries who want to participate. Typically, if UNDP is going to pursue them, they should be for purposes that are trans-sectoral, where UNDP has strategic advantages and where we can bring together various actors. Examples are broad human development investment strategies; transfer and adaptation of environmentally sound technology; sustainable agriculture and food security; strengthening of civil society to cope with the tragic effects of

HIV/AIDS; anti-desertification action plans; and integrated approaches to energy, climate, and forests. This is the fourth extension of the focusing telescope.

34. This programme framework provides a strong basis for repositioning UNDP in order to mobilize additional resources, engage UNDP's executing agencies and other development assistance organizations in constructive partnerships, and, above all, maximize UNDP's ability to be of genuine assistance to a widely differing group of programme countries.

35. Becoming more focused does not reduce the primacy of national development priorities; instead, it should increase effectiveness and resources. Becoming more focused does not threaten UNDP's universality, as subsequently discussed; nor does it make UNDP a specialized agency, for the very essence of UNDP is to maintain its holistic, intersectoral and integrative approach to support sustainable human development. Similarly, becoming more substantive does not put UNDP into competition with the specialized agencies; rather, it provides the basis for new partnerships based on complementary strengths - partnerships, that can lead to more effective programmes, greater donor confidence, and hence additional resources.

III. FINANCIAL PARAMETERS

36. The second plank of our programme for changes is to design the financial parameters of the programme. The reports on the mid-term review of the fifth cycle (DP/1994/18) and the conceptual paper on issues relating to the sixth programming cycle (DP/1994/20) provide two significant opportunities for the Executive Board to consider options.

37. It is my conviction that the only option not available to the Executive Board is to deny the forces for change. These forces emanate from at least three, no doubt interrelated, elements. The first is the scarcity of development resources. The Consensus and indeed consecutive programme cycle decisions have been based on assumptions about the overall size of the programme. Regrettably, assumptions about resource growth have not materialized. In 1980, UNDP delivered a core indicative planning figure (IPF) of $590 million. In 1995, the figure is expected to be $555 million. It is true that thanks to extrabudgetary resources, the overall size of UNDP's programme has continued to grow. However, the significant decline in core resources in real terms available to UNDP is a reality that the Board needs to address. Moreover, ODA is not increasing overall, even though needs are.

38. A second element relates to the fact that the language of today's development budgets in donor countries speaks of priorities and themes. Development budgets are approved, for example, for humanitarian assistance, the environment, population activities and other global priorities. Meanwhile, major new resources are being applied to peace-keeping activities and to the transitional needs of the former Soviet Union and Eastern Europe. The multilateral development banks have access to large financial resources but find themselves in various difficulties (e.g., non-performing loans), some of which UNDP could help to address. The challenge for UNDP is to provide a steady,

reliable bridge between the evolving resource availability scene and the compelling needs of programme countries.

39. Finally, the success of many developing countries indicates the need for defining a substantively new relationship between programme countries and non-programme donor countries. It is estimated that by the beginning of the sixth cycle, 37 programme countries, according to current criteria, would be eligible for net contributor status. Against this background, new financial parameters must explore existing definitions, they must guarantee the universality of the programme, and they must strengthen and not weaken partnerships.

40. These financial realities require action on many fronts. I believe they require substantive refocusing, the development of partnerships, strengthening of the resident coordinator system, effective management, some institutional adjustments, and effective governance. Only a complete reform package successfully implemented will over time revitalize UNDP's resource base. An integral part of this reform relates also to the resource allocation and management principles that govern UNDP.

41. The scarcity of resources, the need for substantive focusing and the increasing differentiation between countries all point to the need for new financial parameters. In document DP/1994/18, I have proposed a number of adjustments in the management of the fifth cycle programme resources. These proposals are an integral part of the programme for change. They are designed to provide new opportunities to pursue SHD initiatives and to strengthen UNDP's substantive partnerships with the agencies. SHD initiatives to be financed from SPR would be expected to:

(a) Identify the country context for SHD through regularly updated country SHD profiles;

(b) Build or strengthen SHD databases, strengthen national capacity to collect and analyse disaggregated data, identify gaps and priorities, and develop policy responses;

(c) Support national dialogue on goals, priorities and policy options in order to build a consensus around national strategies;

(d) Formulate realistic long-term strategies for SHD goals and targets, including identification of priorities, resource and investment requirements, and policy options;

(e) Identify the most appropriate thematic entry points according to the particular local situation and develop macro-level SHD action programmes building upon this base.

42. I believe it is essential that worthwhile SHD initiatives should be supported substantively by UNDP and financed, at least partly, through available resources earmarked for this purpose. These resources would be made available entirely by the redeployment of resources from within existing earmarkings.

Accordingly, I propose to undertake the following interrelated package of measures:

(a) From the remaining resources of existing SPR subcategories, an earmarking of approximately $5 million for SHD initiatives;

(b) Authority to redeploy SPR resources within major programmes (excluding certain region-specific earmarkings);

(c) In line with traditional practice in previous cycles, authority to borrow resources from potential earmarking for the next programming period; borrowings with respect to SPR earmarkings will become, as appropriate, available for SHD initiatives.

(d) Authority to redeploy unutilized resources from the TSS-2 facility to the TSS-1 facility. Such redeployed TSS-1 resources would complement resources available for SHD initiatives. It is recognized that TSS-1 resources can only be channelled through the five larger agencies and would therefore constitute an effective instrument for collaboration between UNDP and these agencies in supporting programme country SHD initiatives.

(e) The establishment of a TSS facility for up to $5 million specifically earmarked for the smaller technical agencies. These resources could also be used to facilitate the joint participation of the smaller technical agencies in supporting programme country SHD initiatives;

(f) The resources be made available for SHD initiatives would be allocated regionally and that authority for approvals be delegated to country offices in line with certain programmatic and financial guidelines (see also (g) below);

(g) The resources will be provided to the countries/programmes on a "matching" basis in order to leverage the limited resources available. Additional resources will need to be mobilized to trigger the release of funds. Where necessary, IPF resources could be considered as matching funds, but these funds would preferably become available as a result of a careful review of existing programmes in an effort to bring about greater overall focus and consistency with SHD (see para. 43 (a)).

43. In order to prepare for the effective use of these resources, I have initiated the following management actions:

(a) I have requested Resident Representatives to initiate a review in consultation with Governments of ongoing programmes as part of the Governing Council mandated mid-term review process. The purpose of the review is: (i) to identify activities where SHD concepts are already well integrated and which could attract additional, non-core resources to expand or replicate them; (ii) to ensure consistency with SHD criteria and to achieve more concentration by reducing the number of projects; and (iii) to permit utilization of the resources released as a result of the review, for SHD initiatives as mentioned in paragraph 42 (f) above;

(b) I have requested BPPE and the Regional Bureaux to undertake similar reviews of the global, interregional and regional programmes.

44. In requesting Resident Representatives, Regional Bureaux and BPPE respectively to undertake the reviews mentioned above, I have indicated that any recommendations emanating from these reviews shall take into account the policy directives established by the Executive Board at this session.

45. In document DP/1994/20, I have presented to you a conceptual paper on issues relating to the sixth programming cycle. It is evident that the outcome of the discussions on that paper will be critical in shaping our initiatives for change. While it is premature at this stage to predict what the outcome might be, I believe it is possible and indeed appropriate to indicate a number of the elements that I believe will need to be reflected for our initiatives for change to materialize. I believe any final package must take the following elements into account:

(a) A strong financial commitment to the future of the programme;

(b) The substantive focusing of programme activities;

(c) The universality of the programme;

(d) The significance of global and regional programmes;

(e) The importance of Special Programme Resources and the need to decentralize their management;

(f) The development of a new vocabulary of partnership with and between programme countries;

(g) The strengthening of substantive partnerships within the United Nations system;

(h) The strengthening of substantive partnerships with the private sector, NGOs and other organizations of civil society;

(i) The development of compacts that can attract additional resources;

(j) The maintenance of UNDP's global network of field offices.

46. You will take a final decision on the sixth cycle in June 1995. Your decision at that time will be a determinant factor in shaping the programme for change you are discussing at the current session.

IV. SUBSTANTIVE PARTNERSHIPS

47. No sentiment emerged stronger at Rye than the importance attached to UNDP's playing its full role in the United Nations family. Against this background, our initiatives for change include the following:

(a) Substantive task forces have been set up with agencies including the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the Department for Development Support and Management Services (DDSMS) and the Regional Commissions. These task forces have been entrusted with the tasks of rebuilding substantive partnerships and of identifying new initiatives that can be supported. Only through substantive partnership can United Nations partners together generate the critical mass and demonstrate the capacity to support emerging compacts and attract additional resources;

(b) The effective use of OPS in the development of national capacities and the provision of implementation services will be further reviewed;

(c) The UNDP/World Bank Task Force is being re-established to review existing relations and to develop new initiatives. In this regard, it is my intention to assign a senior Liaison Officer in Washington to strengthen relations;

(d) As explained above and presented in document DP/1994/18, I am proposing some flexibility in the management of the TSS facilities to enable UNDP to strengthen its substantive partnerships by expanding the use of the TSS-1 facility. My proposals include the establishment of an additional TSS facility for the small agencies;

(e) A joint programme statement with our Joint Consultative Group on Policy (JCGP) partners is now being drafted. It will provide a new common platform on which the JCGP partners will be able to stand together;

(f) A joint UNDP/United Nations Environment Programme (UNEP) statement on collaboration is being prepared. This Statement will guide relations between UNDP and UNEP for the coming months and will clearly identify priority areas for future collaboration;

(g) An internal strategy paper has been finalized on future collaboration with NGOs and other organizations of civil society. I am committed to proceed to establish the necessary arrangements to enable NGOs to implement directly UNDP-financed activities;

(h) Further use of UNV as a cost-effective instrument at the disposal of Governments, CBOs and the United Nations system as a whole;

(i) Contacts and collaboration has been fostered with the private sector - particularly in the area of environmental management and capacity-building.

48. An integral element in UNDP's programme for change is to develop a more outward-looking culture. The strengthening of a multitude of substantive partnerships is an essential ingredient to meeting this challenge. UNDP has already taken a number of initiatives in this regard. The challenge now is to ensure that these initiatives are followed through and that they yield concrete results.

V. RESPONSE TO GENERAL ASSEMBLY RESOLUTION 47/199 AND STRENGTHENING OF THE RESIDENT COORDINATOR SYSTEM

49. UNGA resolution 47/199 is itself a major agent of change in the United Nations operational system. Any viable programme of change for UNDP must incorporate the critical elements covered by resolution 47/199 and must address the need to strengthen the resident coordinator system. Against this background, I am taking a number of new initiatives, and following up on a number of current ones, to respond to this challenge.

50. In May, I issued to senior managers a comprehensive plan of action for the strengthening of the resident coordinator system. The measures envisaged resulted from the work of an internal task force which benefited further from discussion at Rye. A task force will be monitoring the implementation of this agenda.

51. Two specific initiatives have already been launched. In the first phase, $2 million has been earmarked from the appropriate budget line in the SPR for use by resident coordinators as a catalyst to support and develop local aid-coordination initiatives. The resources will be earmarked on a regional basis and regional bureaux directors will be authorized to allocate the funds to resident representatives in line with guidelines being established by BPPE. A maximum of $75,000 shall be allocated per country and the amount funded by SPR shall not exceed 50 per cent. This quick-action measure is expected to act as a catalyst in the implementation of local aid-coordination initiatives.

52. Secondly, action is being taken to strengthen UNDP capacity to support the Department of Humanitarian Affairs (DHA) and to be an effective partner in emergencies and humanitarian crises. A pre-cleared roster of staff members and consultants experienced in humanitarian and emergency operations is being established and will be maintained by the Division of Personnel (DOP). The roster will be shared with DHA and other partners. Offices concerned will be asked to plan for immediate emergency release, when required, of rostered staff members. These new arrangements will be in place effective 1 July.

53. Critical to any effort to strengthen the resident coordinator system is the implementation of paragraph 38 (d) of resolution 47/199. This refers to increasing the transparency and widening the pool from which resident coordinators are selected. At the high-level JCGP meeting in February 1994, agreement was reached on the implementation of new arrangements. The agreement provides for the establishment of country-specific vacancy pools. UNDP provides JCGP partners, as well as DHA, with information on pending vacancies. All candidates are reviewed and UNDP consults with JCGP partners prior to the Administrator's final selection for nomination to the Secretary-General. I

believe this represents a major step forward to providing transparency and opening up the selection of resident coordinators to the best candidates available. Combined with the internal management measures being taken by UNDP described below, I expect this to make a significant impact on the effectiveness of the resident coordinator system and its broad acceptance by all partners.

54. UNDP is also currently engaged in discussions with DHA on strengthening the response capacity of the system by ensuring that resident coordinators are prepared to assume the responsibilities of humanitarian coordinator, as circumstances demand. It is expected that discussions will lead to much closer collaboration between UNDP and DHA, together with other concerned agencies, to ensure greater effectiveness and responsiveness. An internal task force has also been set up to follow up on discussions held with the High Commissioner for Refugees.

55. The Secretary-General has requested UNDP to chair a task force to follow up on the implementation of resolution 48/209. This relates to future arrangements pertaining to the interim offices in the countries of the former Soviet Union and in Eritrea. UNDP will work closely with the Department of Public Information (DPI) and JCGP colleagues to ensure the effective implementation of resolution 48/209. The Secretary-General had also requested DPI and UNDP to work closely together to foster the integration of United Nations Information Centre (UNIC) offices and UNDP. A close collaboration has been established. In 18 offices, the Resident Coordinator has now assumed the function of UNIC Director, ensuring a more cost-effective and streamlined approach. UNDP will seek opportunities to collaborate closely with other United Nations departments to increase effectiveness at the country level.

56. UNDP's plan of action for strengthening the resident coordinator system is a critical part of UNDP's programme for change. In the final analysis, the key dimension to the challenge confronting UNDP, DHA, DPI and JCGP partners relates to human resource management. Successfully addressing the complicated issues involved will require, at a minimum, common resolve, good will, and dedicated and effective management.

VI. INSTRUMENTS OF TECHNICAL COOPERATION

57. A powerful engine of change relates to the fact that technical cooperation itself faces a challenge of fundamental reform. There is a glaring need to re-examine the working assumptions and to find innovative and far more effective means to achieve capacity-building. UNDP's recent book Rethinking Technical Cooperation: Reforms for Capacity-Building in Africa, provides a comprehensive analysis of these issues. We need to focus on practical and operational measures to bring about real reform.

58. Recent innovations in UNDP's technical cooperation are major advances in this direction. The notion of the programme approach, the priority attached to national execution, and the greater use of national expertise, all mandated by the General Assembly, constitute a clear departure from the past. UNDP's commitment to these approaches and the work accomplished to date are reported in document DP/1994/22. An internal task force is working on moving further

forward on these ideas. I look forward to the fruits of these efforts at the Development Assistance Committee (DAC)/World Bank/UNDP High-Level seminar to be held in late June.

59. While it is inappropriate at this time to embark on a major discussion of the evolving instruments of technical cooperation, it is clear that any discussion of a programme for change that does not take full account of these instruments will remain unrealizable. It is the quality of the technical modalities, mechanisms and practices that often determine the ability of an organization to translate the "vision thing" into operational reality. Technical cooperation has changed little since the 1950s; now, decades after independence and massive investment in human resources, the need for such cooperation has changed enormously. Technical cooperation must evolve and we must be at the forefront of this global reform effort.

VII. MANAGEMENT

60. The implementation of any reform programme requires effective management. The implementation of a programme for change in a complex, multicultural organization, with offices in over 130 countries, requires strategic direction and decentralized management. This is not an agenda that can be managed centrally or top down. The changes required must be identified and adopted by the organization as a whole, the commitment must be collective. The management of this programme for change is in the hands of hundreds of managers. What is critical is that these managers are both empowered with the skills and tools to realize the full potential of staff and are then held accountable for both the human and financial resources for which they are made responsible. The successful implementation of change requires a range of management initiatives, a number of which are currently under way.

61. I issued two circulars in late 1993 regarding accountability for human and financial resources. UNDP has pursued vigorously the implementation of personal financial liability. With regard to human resources management, more than 80 per cent of UNDP's middle and senior managers have been provided with management skills training, with emphasis on the broad participation of staff in planning and operations, ensuring dialogue and feedback. Starting in 1994, all managers, irrespective of grade, have been required to comply with the Performance Appraisal Review system; all resident representatives have been appraised in detail in a management review group chaired by me and attended by my senior management group.

62. For the first time resident representatives and senior managers who are not performing satisfactorily are being clearly identified and feedback being provided to them. Continued unsatisfactory performance will have a direct and lasting impact on career prospects. In the 1994 reassignment exercise, a number of resident representatives and other managers who performed below expectations in their current functions have not been reassigned at commensurate levels of responsibility. These measures have been taken to address the very small percentage of under performers that exist in any organization. The great majority of staff remain dedicated, highly competent and often and increasingly endure considerable hardship. Together with the widening of the pool of

resident coordinators, these measures will serve to strengthen over time the resident coordinator system.

63. UNDP has been committed for some years now to a policy of budget restraint. We are currently implementing the 1994-1995 budget cuts approved by the Governing Council in 1993. Consequently, the budgetary situation remains very tight. It is my intention to continue to monitor the budgetary situation very closely and to maintain UNDP's reputation for budgetary prudence.

64. The Governing Council's decision (93/35) to appropriate resources to cover the costs of terminations and separations related to the budget cuts has allowed UNDP to implement very successfully a downsizing strategy. While the full impact of the downsizing still needs to be fully assessed in terms of operational capacity, it has enabled us to implement change from a position of reasonable budgetary stability.

65. Another Governing Council decision - the decision to allow UNDP to make use of the new short-term contracts for activities of limited duration (ALD) - has provided a critical instrument for the recruitment of short-term highly specialized expertise. This type of professional support is essential to the implementation of the programme for change being proposed to you.

66. Bearing the various factors in mind, I have requested the Director of Personnel to chair a task force on future recruitment policy over the next three years. The reduction of posts combined with the need for selective, specialized recruitment for specified periods of time will severely reduce the intake of generalists for a number of years. A clear policy based on accurate projections with limited specialized recruitment needs to be introduced in a transparent manner. The implementation of this policy will be a key ingredient in the management of change.

67. Finally, I am committed to our expansion of the regional service concept. The experiment initiated in Asia has already proven its value and it is time now to introduce the concept elsewhere, starting in Africa. The subcontracting of audit and accounts examination services had led to greatly increased coverage, a highly professional service and to greatly enhanced accountability. A number of new partners, including the United Nations Population Fund (UNFPA) and the Office of the United Nations High Commissioner for Refugees (UNHCR) have already indicated their intention to follow the same path. The approach pioneered by UNDP is a classic example of re-engineering long-standing management practices. I have requested all senior managers to review current functions and processes with a view to eliminating redundant practices. I have requested managers to undertake these views on an ongoing basis and to report to me quarterly on re-engineering successes achieved.

68. Effective management is the key to the implementation of change. I propose to report to you at Executive Board regular sessions on the status of overall management initiatives, both of unsolved bottlenecks as well as successes.

VIII. INSTITUTIONAL ADJUSTMENTS

69. Change is often associated with restructuring; in practice, restructuring is all too often a substitute for change. Nonetheless, there are some realignments and readjustments which I am convinced are now required; others will be needed in the future. Those required now will be implemented within existing budgetary resources and have relatively marginal implications for the overall structure of the organization. They are designed to give a new focus to certain functions, to realign others, and overall to establish greater clarity in the relation of organizational functions in a manner that will support the programme for change.

A. The Bureau for Policy and Programme Support

70. BPPE will be renamed the Bureau for Policy and Programme Support (BPPS). This reflects the redefinition of the Bureau's core mission and a restructuring and consolidation of functions within the Bureau. The renaming of the Bureau underscores its role in supporting UNDP's country programme and recognizes the fact that the Central Evaluation Office (CEO) will henceforth report directly to the Administrator. The BPPS mission will be twofold. First, it will support UNDP country and regional programmes by providing UNDP and its associated funds with ready access to world-class knowledge, policy guidance, and operational tools on how SHD can be achieved in programme countries. Second, it will provide international leadership in developing policies and programmes needed to realize SHD in programme countries. In BPPS, unlike BPPE, there is no need for a separate Division for Global and Interregional Programmes per se because each BPPS Division will have its own global and interregional initiatives. These will be coordinated within an overall framework by the Bureau Directorate. While BPPS is operational at the global level, at the country and regional levels, it works through the regional bureaux. In providing a repository of substantive expertise pertaining to the goals the organization is trying to achieve, it must be stressed that BPPS is not in charge of centralizing expertise but rather its mandate is to diffuse expertise. Let me repeat again what I stated in February. UNDP is not aiming for and would not pretend to try to duplicate the level of expertise available in the specialized agencies and other available sources. Nothing could be further from our true aspirations. We do, however, need to have enough substantive capacity to be able to examine issues from a cross-cutting SHD perspective, integrating sectoral viewpoints and taking into account their interaction and linkages. UNDP must have enough substantive capacity to know whereof it speaks and to be able to recognize a good product or a worthy partner. Inevitably, given staffing constraints, this will not be expertise in-depth.

71. The restructured BPPS will require a redefined set of relationships with the regional bureaux and the country offices. When it comes to operational activities and the management of currently centralized funds, the BPPS mandate would differ significantly from that of the current BPPE. For such funds, it would still articulate thematic programmes, establish criteria for their use and provide technical backstopping and monitoring, but the programming and management of these funds would become the responsibility of the regional

bureaux and country offices. I have requested the Director, BPPS, to establish a drafting group to propose new arrangements.

72. The new BPPS will consist of the following core units:

(a) The Directorate will be responsible for the overall management of the Bureau, for ensuring success of the BPPS missions, and for development of the evolving SHD concept and operational framework;

(b) The Poverty Elimination and Equity Division will support UNDP efforts to promote development that gives true priority to the needs of the poor and to the advancement of women and other disadvantaged groups. The Division's responsibilities will include gender in development, the participation of NGOs, HIV/AIDS and human resource development strategies;

(c) The Environment, Energy and Natural Resources Division will support UNDP efforts to promote development that conserves and regenerates the resource base and protects the environment both locally and globally. Specific and separate organizational units dealing with related issues such as the United Nations Sudano-Sahelian Office (UNSO) and the Global Environment Facility (GEF) will be included in this Division;

(d) The Management Development and Governance Division will support UNDP efforts to help to build the capacities specified in (e) and (f) below in government to support and sustain SHD initiatives;

(e) The Science, Technology and Private Sector Division will support UNDP efforts to put the best science, the latest technologies and the power of the private sector to the service of SHD in programme countries;

(f) The Division for Operational Policies and Procedures will enhance UNDP ability to deliver the substance of SHD by evolving appropriate programming tools, mechanisms, criteria and guidelines and by reforming UNDP procedures.

73. I am still reviewing what relationship the United Nations Capital Development Fund (UNCDF), UNV and the Humanitarian Programme should have with BPPS. As I reported to you at our May Executive Board meeting, a major effort is under way to strengthen and revitalize UNCDF.

B. The Bureau for Resources and External Policy

74. The Bureau for External Relations (BER) is being renamed the Bureau for Resources and External Policy (BREP). This reflects a commitment to strengthen the Bureau and to redesign and consolidate its functions to enable it to play fully its role in the implementation of the programme for change. BREP has a critical role to play in launching a new and more extroverted UNDP that will be able to mobilize additional resources through forging new compacts and high quality products. In this respect, BREP will have to work very closely with BPPS. The Bureau will also consolidate all functions relating to the secretariat's interface with the Executive Board, including responsibility for oversight of the production of all documentation for the Board. This more

streamlined approach is critical to ensure a high-level of responsiveness to the evolving working methods of the Board. The Bureau also consolidates resource mobilization, coordination and planning functions. This has become more critical with the evolving overall resource situation as well as the increasing prominence of extrabudgetary resources. In this connection, the former Planning and Coordination Office will be redefined and located within the Bureau. The previous distribution of roles had led to a lack of clarity and coherence in the allocation of responsibility in this regard.

C. The Office of Evaluation and Strategic Planning

75. I announced in February steps to create a strategic planning function and to locate it synergistically with the Central Evaluation Office, and to have this new combined evaluation and strategic planning office report directly to me as Administrator. I believe this arrangement will strengthen the evaluation function in UNDP, a function to which I attach the highest priority, particularly with regard to follow-up on CEO recommendations. In addition to its evaluation functions, the new office will initiate strategic guidance and option analysis and development as they relate to UNDP themes and programmes. The strategic planning function will help facilitate organizational goals, strategies and plans and will develop organization planning. It will provide the basic conceptual framework for the management of change and will act as secretariat to the Strategy and Management Committee. The creation of this strategic planning function is an essential ingredient in the repositioning required to ensure the successful management of change.

D. The Human Development Report Office

76. The Human Development Report Office will be renamed the Office of Development Policy Analysis (ODPA). This expanded office will continue to produce the Human Development Report and will have the capability to carry out other policy analyses focusing on international cooperation for development. The office will analyse current international policies for development and development assistance, suggest international development strategies and compacts on the basis of SHD, expand UNDP participation in academic networks and with the policy analysis community, and prepare reports on selected development issues. The Human Development Report Group will continue to have responsibility within this structure for the publication of the Human Development Report, which will continue to have editorial independence. ODPA's role must be understood in the context of the evolving situation regarding resource flows for technical cooperation and the pressing need to make anew the case for Official Development Assistance. In this context, the functions and roles foreseen for ODPA are an integral part of my efforts to reposition UNDP and to give it the capacity to give intellectual leadership and to strengthen international cooperation for sustainable human development.

77. Other bureaux and units, while not being restructured at this time, remain critical to the overall effort. I believe that the restructuring of BPPE will serve to strengthen the key roles of the regional bureaux. In the consultations I undertook with the programme countries, the importance attached to the role

played by the regional bureaux became clear to me. I have therefore rejected the idea of consolidating the regional bureaux. I believe the Regional Bureaux have a vital role to play and they must be empowered with the full range of operational and management responsibilities to do this.

78. I have also rejected the idea of diminishing the Special Unit for Technical Cooperation among Developing Countries or incorporating its functions in the regional bureaux. I am convinced that the TCDC has not yet reached anything like its potential, and I intend to give it my full personal support to ensure that this is done.

79. I have discussed earlier measures being taken to strengthen UNDP support to the resident coordinator system. Further measures will have to be taken to strengthen country office capacity to support SHD initiatives. At this point, let us simply remind ourselves that 85 per cent of UNDP staff are in programme countries and that UNDP is above all a country-based organization. In the final analysis, the value of the realignments being implemented will have to be measured against the test of whether they have provided better and more effective support to UNDP country offices. Future initiatives will provide for further substantive strengthening of country offices, decentralization, streamlining of procedures, and paperwork reduction. Decentralization and accountability are both aided immeasurably by a clear, more focused UNDP mission. In the longer term, additional work must be done to examine and conceptualize the UNDP country office of the future and its role in the United Nations development system.

IX. GOVERNANCE

80. This programme for change would not be complete if it did not relate to the forces of change evident in the new governance arrangements established by General Assembly resolution 48/162. Governance is the prerogative of the Governors. What needs to be recognized is the will of the Executive Board to change UNDP working practices to enable more professional and transparent working methods. I am committed to this course of action and a revitalized governance is yet another essential ingredient to any successful programme for change.

X. SUMMARY

81. This initial programme for change does not require any new specific mandates. The initiatives and adjustments outlined here have their origins and roots in existing legislation and mandates and in your own calls for action. I am not requesting any new administrative resources to implement this programme. It is my fervent hope that this programme for change will convince you to continue and indeed increase your support to UNDP. That support, of course, needs to be earned, and I consider myself accountable to you for the delivery of the programme I have outlined to you. In this connection, I would propose to provide you with regular updates on the progress being made.

82. The initiatives for change before you will benefit from your guidance and they need your strong backing to succeed. They will benefit from constant adjustments during their implementation through the full participation of all partners - staff, governments, agencies and others. The initiatives themselves are the result of extensive consultations and the product of many inputs.

83. I look forward to an intense discussion in the Executive Board at the current session, with the hope that the Board's new working practices will enable a constructive exchange. I seek the Board's endorsement for change. More will follow, but I need your guidance and support now for this first instalment.